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ARGUMENTS FOR DELIBERATIVE PARTICIPATION IN LOCAL ECONOMIC DEVELOPMENT*

Zoltán BAJMÓCY – Judit GÉBERT

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According to the common sense, experts, backed up by scientific methods, describe the "possible states of the world" in a value-neutral way. Then, in the political arena, delegates build on these proposals, but also consider values and interests. The present paper attempts to revise such an understanding of local economic development (LED) and argues that many of the deficiencies deriving from such a view can be remedied by deliberative participation, which is not merely a theoretical necessity, but also a practical possibility.

With regard to the issue of public participation and deliberation, the paper identifies two main approaches in the LED literature: the "political" and the "apolitical", of which the latter is mainly characterised by economic theorising. We take a closer look at the "apolitical" approach and demonstrate that in fact it is very much political. Therefore, we call for the transgression of the border-

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Zoltán *Bajmócy,* corresponding author. Associate Professor at the Faculty of Economics and Business Administration, University of Szeged. E-mail: bajmocyz@eco.u-szeged.hu
Judit *Gébert,* Research Fellow at the Faculty of Economics and Business Administration, University of Szeged. E-mail: gebert.judit@eco.u-szeged.hu

line between politics and expertise in LED, and suggest a joint democratisation of these interrelated terrains. We argue that deliberative participation is able to contribute to the quality of both the expert proposals and the working of the politics.

Keywords: local economic development, deliberative participation, informational basis, capability approach, Hungary

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1. INTRODUCTION

Modern societies are characterised by double delegation. With regard to the production of "valid" knowledge, society is divided into *experts* (specialists) and *laypersons.* In connection with the construction of the collective will, there are *delegates* (representatives) and citizens (Callon et al. 2011). This double divide serves as a general framework for public policy-making, at least in standard cases. According to the common sense, experts, backed up by scientific methodology, develop policy proposals. The objective of these proposals is to depict the "possible states of the world" (an accurate state of the present situation and the possible futures) in a value-neutral way. Then, in the political arena, delegates build on these proposals, but also consider values and interests (the collective will) and make decisions.

In recent decades, both of the above-mentioned delegations have been challenged in theory as well as in practice. On the one hand, experts' ability to inform the political arena in an accurate and value-neutral way has been questioned (Funtowitz – Ravetz 1993; Witt 2003; Ravetz 2004; Lidskog 2008). On the other hand, the idea that the collective will is the aggregation of individual preferences, through delegation, voting, or other procedures of that ilk, has also been contested (Sen 1999a; Dryzek 2000; Callon et al. 2011).

In the present paper we argue that there is a necessity as well as an actual possibility to overcome these divides in local economic development (LED) through public participation and deliberation. We identify different approaches to LED that we shall call "political" and "apolitical". We argue that economic theorising on LED mainly belongs to the so-called "apolitical" approach, in which the issue of public participation and deliberation is simply by-passed.

Building on welfare economics concepts, we conclude that this neglect cannot be sustained. Should we take a closer look, the "apolitical" approach will reveal itself to be "political" indeed. We argue that whatever approach we take to LED, in case we formulate any kind of policy conclusions or claim that we are able to depict the possible states of the world, than we must deal with the issue of participation and deliberation. We also claim that both delegations should be overcome,

and necessarily at a go, since they are strongly connected. Moreover, it is not simply participation, but deliberative participation that matters.

We consider *deliberation* to be a "debate and discussion aimed at producing reasonable, well-informed opinions in which participants are willing to revise preferences in light of discussion, new information, and claims made by fellow participants" (Chambers 2003: 309). We understand deliberation as a form of discursive participation, where individuals can develop and express their views, learn the positions of others, and have the opportunity to revise their convictions and values in political decision-making. We distinguish this discursive participation from other forms of political *participation* such as voting, volunteering, protesting, or direct problem solving through community organisations. These kinds of political engagements only attempt to expand the *ex ante* given preferences that are considered in decision-making, but do not provide an opportunity to discuss or form them.[1]

In Section 2, we review the literature of LED from the aspect of public participation and identify two characteristic approaches: the "political" and the "apolitical". We argue that economic theorising on LED mainly belongs to the latter, therefore we proceed along this approach. In Section 3, we argue for the necessity of deliberative participation in LED. In Section 4, we attempt to show that public participation is not only necessary, but also possible both in theory and in practice. Finally, we draw our conclusions.

2. PUBLIC PARTICIPATION IN THE LITERATURE

In a very general sense, local economic development means deliberate intervention into the local economic processes in order to make residents better off (Lengyel 2004; Swinburn et al. 2006; Bajmócy 2011). We believe that it is useful to identify two main approaches in the LED literature that we shall call the "political" and the "apolitical" *(Table 1).*

Within the *political approach,* economic development – explicitly or implicitly – is considered to be one of the many potential issues in the local political arena. While it is often noted that economic considerations tend to outweigh other aspects (Cox 1995), they are still debatable on the ground of interests, power relations, or values. This stream of literature is interested in both the content (inform-

[1] Public participation in general may accept the conventional presumption that social choices are made by independent individuals with *ex ante* given, constant preferences and that these preferences have to be aggregated or "represented" throughout the decision-making procedure. Deliberation (or discursive participation) does not accept this assumption. In this case, the construction of collective decisions is not simply a matter of aggregation.

ing) of LED interventions and the process through which they are formed. This approach provides a natural ground for debates on public participation and deliberation.

Most of the time, these debates evolve alongside the "representative vs. participative" democracy dichotomy. It is often argued that policy-making or the workings of the democracy may be made more effective through participation and deliberation (Arnstein 1969; Dryzek 2000; OECD 2001; Cheema – Rondinelli 2007). Participation provides opportunities for learning, and because the sense of democracy is not an innate gift, it has to be learnt and practiced (Cooke 2000). Community formation is facilitated by participation: in open public debates, people are forced to argue as members of the community (Cooke 2000; Pataki 2004). Participation enables the transparency of governance and serves as a control of the bureaucratic state apparatus (OECD 2001; Csanádi et al. 2010). The resources of many local actors can be mobilised, trust and devotion towards decisions also increase and, therefore, later conflicts can be avoided (Cooke 2000; Szirmai – Szépvölgyi 2007; Földi 2009; Reisinger 2010).

Certainly, there are counter-arguments as well: participation is costly and time-consuming, it may increase the number of power-conflicts, and though it may advance consensus, it does not necessarily result in one. Certain groups can be better equipped for participation, which may result in the emergence of a secondary elite, and in this case, it is not obvious whom they represent and by what sort of authorisation[2] (Burns 2000; Taylor 2007; Csanádi et al. 2010; Maier 2011). This stream of literature also touches upon the "expert *vs.* lay" dichotomy; however, it seems to be less express and the role of the lay is fundamentally the revision of expert proposals with regard to the risks they involve and the right to decline them.[3]

There also exists another approach to LED, which can be called the *apolitical approach.* In this case, the focus is exclusively on the content of the intervention. This stream focuses on the *informing* of LED. This body of literature is characterised to a large extent by economic theorising on the development patterns of regional and local economies (e.g. regional growth and competitiveness models, territorial innovation models, spatiality of technological change, restructuring of local economies or regional disparities). In this case, the proposed policy is deduced from the theories in a seemingly value-neutral way. The issue of public participation and deliberation is beyond the scope of this approach.

[2] It must be mentioned that neither the advantages, nor the disadvantages occur inevitably, and that the above-mentioned criticisms are not necessarily identified as problems (e.g. Bodorkós 2010).

[3] However, there are also exceptions, where laypersons have a role in knowledge generation as well (Bodorkós – Pataki 2009).

Table 1

Different theoretical approaches to local economic development

	Political approach	Apolitical approach
Main characteristics	Economic development is considered to be a very important aspect among the many potential issues in the local political arena	Economic theorising on the patterns of local development, and drawing policy conclusions from that
Main focus	Both the forming and informing of LED (drawing policy conclusions and analysing the operation of the local political arena)	Informing policy-making (depicting the possible states of the world in a value-neutral way)
Background	Various fields of regional science development patterns	Economic theorising on local
The issue of public participation	Present in the literature: – representative vs. participatory democracy dichotomy – expert vs. lay dichotomy	Largely neglected (might be considered as a contributing factor to development/growth)

A subtle way, however, does exist within this approach to consider the importance of public participation. The active engagement of local actors in public affairs is often considered to be an element of social capital. Probably, the most well-known and most intensely theorised cases are the industrial districts of Italy (Markusen 1996; Storper – Salais 1997). In this way, participation can be incorporated into economic theories (models) as a contributing factor of economic development (growth or competitiveness). Nevertheless, the issue remains marginal.

The two approaches cannot always be easily separated. Many comprehensive works on regional and local economic development encompass both aspects to a certain extent (Blakely – Bradshaw 2002; Pike et al. 2006, 2011; Rechnitzer 2007; Fekete 2008). However, while economic theorising is the gist of the apolitical approach, it is merely a form of the possible knowledge sources in the political approach.

In the following sections, we first attempt to show that the apolitical approach is not value-neutral and hence it is indeed political. Then we shall advocate an approach in which public participation (supplemented by deliberation) is not restricted to the ordinary political arena, and lay and citizen participation goes hand in hand (the sharp distinction between these two aspects becomes irrelevant).

3. THE NECESSITY OF DELIBERATIVE PARTICIPATION

It seems to be generally accepted that the ultimate objective of LED is to enhance the "quality of life", the "standard of living", the "welfare", or the "well-being"[4] of local residents – in short, to make them better off (Lengyel 2004; Pike et al. 2006; Swinburn et al. 2006; Bajmócy 2011). However, the literature of LED devotes surprisingly little attention to the clarification of the ultimate goal. That is exactly what we attempt to analyse in this section.

All economic development approaches must have their answers to the question of why one particular situation is considered to be more desirable for the community than another one. Without this criterion, the objectives and effects of a possible intervention cannot be interpreted. One could hardly argue for a LED policy that results in a situation that is less desirable for the community than the existing state.

LED can affect individuals in numerous ways and to different extents. It is quite common in practice that the gains and the burdens of alternative policies fall on different groups. For example, we may say that Policy 1 benefits A and harms B, while Policy 2 benefits B and harms A (Policy 2 may be also understood as a situation without any policy interventions). In this case, there is no way of deciding which choice is better unless one can compare to what extent A and B are benefited and harmed. In other words, there is a need for an *interpersonal comparison* of gains and losses.

But how can we decide whether a policy is desirable or not, how can interpersonal comparison be performed, and what exactly should be compared? These questions have been in the focus of welfare economics for a long time. A number of possible answers have been proposed, which vary in terms of at least two characteristics (*Table 2*):

- How collective judgement is derived from individual gains and losses (how interpersonal comparison is carried out)?
- What set of information is needed to claim that an individual has benefited (/ remained in an unvaried position / was harmed)?

The simplest case is when there is no need for interpersonal comparison, because everyone gains at the same time. This is the "growth makes everyone

[4] The use of these concepts is not clear-cut in the literature. In several cases, "quality of life", "welfare", or "well-being" seem to be synonyms. However, these concepts are used for quite different purposes. We will elaborate on this in Section 3.2.

Table 2

Possible welfare economics approaches behind LED

	Everyone gains	The comparison of gains and losses is possible and evident	The comparison of gains and losses is possible, but complex
The necessity of interpersonal comparison of gains and losses	Unnecessary	Necessary	Necessary
How interpersonal comparison is carried out	–	Gains and losses are brought to a common denominator (e.g. real income, primary goods)	Through open public debates (participatory and deliberative process)
Are external observers able to decide whether a shift is desirable for the community	Yes	Yes	No
The informational basis of the evaluative judgement	Utility, real income	Real income (used as a proxy for utility), Primary goods	Capabilities

richer" argument.[5] The second approach accepts that there is a need for interpersonal comparison, and has an easy and seemingly value-neutral way to carry it out.

The theory and practice of LED is dominated by these two approaches. However, there is a third approach, in favour of which we are arguing in this paper. This also considers interpersonal comparison to be inevitable, but does not accept that external observers have an easy way to carry it out. Deliberative participation is necessary to compare gains and losses.

Beyond the problem of interpersonal comparison, all approaches must answer another (though related) question as well, which concerns the set of information they use (or exclude) to decide on the meaning of gain and loss. According to Sen

[5] We are not providing an in-depth analysis on this approach. First, we think that economic change is mostly characterised by shifts that create losers as well. This is a direct consequence of the "creative destruction" lying behind technological change (Schumpeter 1950), which is considered to be the main driver of economic change. Second, even if everyone becomes "richer", it does not necessarily mean that everyone actually perceives improvement in their positions. Several empirical studies have shown that people compare their positions to certain reference groups (Layard 2006; Costanza et al. 2007). Therefore, even if nobody is actually becoming poorer, growing inequalities may result in the worsening of certain individuals' position. Third, regardless of the adequacy of the above arguments, the problems we are demonstrating about the informational basis of utilitarian and real income-based evaluation in the following, makes this approach questionable.

(1995: 73), "the informational basis of a judgement identifies the information on which the judgement is directly dependent and – no less importantly – asserts that the truth and falsehood of any other type of information cannot directly influence the correctness of the judgement".

3.1. The information basis of approaches focusing on "welfare"

The starting point of current approaches is that the concept of good may be different for different individuals, and it is hard to reconcile them (Rawls 1982; Hausman – McPherson 1996; Sen 1999a). Within such a framework, one fundamental question is what can serve as a basis for the comparison of different individuals' positions (Rawls 1982), how can the social desirability of an economic development intervention be judged?

A standard answer is provided by *utilitarianism* (or *welfarism*). Certain utilitarian theories regard utility as a mental state, something that makes interpersonal comparison quite problematic. Following the influential arguments of Robbins (1938), utility is generally interpreted as a numerical representation of preference satisfaction. Within utilitarianism, there have been lively debates on the possibility of interpersonal comparison providing such a definition for welfare, and whether it can be carried out while being an external observer (Hicks 1939; Kaldor 1939; Harsanyi 1955; Binmore 1989).[6]

Welfarism has two merits: it is easy to formalise and to build mathematical models on this basis. Additionally, this approach does not place any constraints on what a rational individual may prefer. For this reason, economists can be neutral about the content of the individual's preferences *(de gustibus non est disputandum)*.

But the utilitarian approach suffers from several problems (Hausman – McPherson 1996). One of these is that preferences may change and may even be the consequences of manipulation. People may adapt to their disadvantageous position (Sen 1999a), and so their desires are in line with their detrimental situation. Moreover, tastes may be expensive or offensive. For example, while some people are satisfied with eating cheap food, others are distraught without extraordinary and expensive goods (Rawls 1971; Cohen 1993). And there exist preferences that are satisfied by worsening others' positions (sadism, racism, etc.).

[6] Probably the most common answers are either to simply by-pass the issue by stressing Pareto-efficient shifts (Hausman – McPherson 1996), or to use the double criteria suggested by Kaldor (1939), Hicks (1939), and Scitovszky (1941). This latter, in turn, presupposes that gains and losses can be brought to a common denominator (most likely money).

Furthermore, should the standard interpretation of utility be taken literally, we could not make a difference between the satisfaction of past (currently non-existing) and current preferences (Hausman – McPherson 1996). But what might be even more important is that utilitarian evaluation focuses solely on welfare consequences and neglects a bunch of aspects that one may have a "reason to value" such as rights or freedoms for instance. Therefore, in the welfarist approach, the informational basis of the evaluation shrinks considerably (Sen 1999a). Apart from the possessed goods, any other potentially valuable aspect such as access to public services, personal abilities, rights and freedom is given a weight of zero.

In empirical works, it is quite problematic to grasp utility directly and therefore economists characteristically rely on certain "proxies", most often on real income. In most cases, it is widely acknowledged (even by orthodox authors) that it is an imperfect proxy, which is a compromise with data limitations (Hausman – McPherson 1996).

However, the use of real income as a proxy for welfare has a strong value content and is problematic in several respects (Sen 1979; Hausman – McPherson 1996). Actually, it compares "willingness to pay" instead of real welfare gains and losses. There is a bias against the preferences of the poor. This derives from the fact that preferences are weighted in money and the poor's willingness to pay may be different from the rich's because the former has less income to spend. The presumption that the same amount of income (and, indirectly, the same amount of goods) provide the same utility for everyone is arbitrary. This would not be the case even if we assumed that everyone has the same preferences (Sen 1999a). Therefore, this approach has a strong value content in the sense that it presupposes that increased consumption makes everyone better off. On top of this, it avoids neither the problem of interpersonal comparison, nor of social evaluation.

Therefore, we think that all the approaches that focus on growth (or competitiveness) as the main objectives of local economic development rely on an informational basis that is too narrow. They are also characterised by strong (implicit) value contents. But these value commitments remain hidden, covered by the pretence of neutrality, and cannot therefore be negotiated.

3.2. The informational basis of approaches focusing on well-being

Among the concepts that criticise welfarism, Rawls's (1971) theory of justice (and, as a component, the concept of primary goods) and the capability approach proposed by Sen (1999a) and Nussbaum (2000) have become the most influential.

According to Rawls (1971, 2003), irrespective of the individual's concept of good life, there are certain (very similar) things that all individuals require to fur-

ther their ends, no matter what else they require. These *primary goods* are useful for the realisation of any objectives (Rawls 1982). Therefore, the comparison of different individuals' positions should rest on the amount of the primary goods they possess. Such primary goods are basic liberties, freedom of movement and choice of occupation, powers and prerogatives of offices and positions of responsibility, income and wealth, and the social bases of self-respect (Rawls 1982, 2003). This approach is more neutral than welfarism in the sense that it does not have to deal with subjective preferences or mental states, merely with primary goods considered to be objective.

The concept of primary goods is considered to be impartial because everybody requires these goods, regardless of what else they require in life. But as Sen (1982, 1993) points out, these goods are not equally, objectively good for every member of society. According to his argument, the way we can actually use our means depends on several circumstances (conversion factors) that can be personal or social (Sen 1999a):

– personal heterogeneities (illness, age, etc.),
– environmental diversities (how much resources we need for heating, clothing, or for defence against natural disasters, etc.),
– accessibility and quality of public services,
– differences in relational perspectives (to what reference group we compare our position),
– distribution within the family.

Possessed goods and the above circumstances jointly determine what objective can be actually achieved by a given individual. Possessed primary goods are not equally useful for every member of society. Thus, this concept also has unquestioned, implicit value commitments when stating that primary goods are equally good for everybody. Sen (1999a) argues that this approach has a narrow informational basis in virtue of neglecting conversion factors and being insensitive to consequences, namely the aims that can actually be realised by the goods. Criticising both of the above-mentioned concepts, Sen moulded his *capability approach.* According to Sen, neither utility, nor primary goods constitute the adequate space for evaluation.

One of the most important notions of the capability approach is functioning. Functionings are the "doings and beings" of life that a person has reason to value. These can be very simple things such as being well-nourished, healthy, or able to move. They can also be more complex ones, like being educated, taking part in the life of the community, or having self-respect (Sen 1999a).

The notion of capability refers to the real opportunities (functionings) available to individuals in the sense that the given individual has both the means *and* the ability to convert them into things he has a reason to value. Thus, capabilities are a set of functionings that a person can actually achieve in the society. The achieved functionings are not equivalent to the well-being of a person or of the society because opportunities that could be, but are not actually chosen may be valued as well (Sen 1993, 1999a).

Carrying out evaluations in the space of capabilities has several advantages compared to other approaches of interpersonal comparison. First, the obvious advantage of the capability approach is that it inevitably makes us realise the necessity of value-choices and it also makes them explicit. In the evaluation process, the community has to specify the set of valuable functionings and their relative importance. In Sen's (1999a) view, this designation must occur through reasoned, social scrutiny (through deliberative processes). Therefore, in this approach, it is obvious that the evaluation cannot be carried out without open public debates (by external observers).

Furthermore, Sen also points out that when we choose capabilities as the informational basis of evaluation, participation and deliberation become valuable *per se,* and not only as means. Open public debates can be valued even in those cases when we do not actually participate in them.

The second advantage of the capability approach is that its informational basis may be able to embrace the missing elements of the alternative approaches. In the capability approach, a policy-maker has to give attention to freedoms and rights, to the circumstances of achieving goals, and has to scrutinise the possible social goals, instead of simply accepting them as implicit presumptions. The consequences are twofold:

- First, the cited approaches of interpersonal comparison differ in the depth of their informational bases. If we accept that the wider the set of relevant information it builds on, the better the evaluative process (in an ethical sense), than we have to argue that the capability approach is the best alternative for interpersonal comparison in the current literature.
- Second, all the approaches of interpersonal comparison are value-laden in the sense that they have presumptions about what well-being is for individuals. The difference is that the capability approach makes these value-choices explicit.

To conclude this section, we can state that the common understanding of local development policy-making must be revised. Expert proposals are value-committed due to carrying out interpersonal comparison and choosing an informational

basis. Hence, they contain elements that are usually considered to be political. As a consequence, it is not just the political arena where values and interests are articulated.

It is crucial to see that the framework provided by the capability approach equally challenges the shortcomings of expert proposals and of political delegation. In the process of public deliberation, the contributions of participants are twofold. On the one hand, they possess knowledge that is vital for designing, implementing, and evaluating policies (a terrain conventionally dominated by experts). On the other hand, they negotiate values and interests, and may assign value to the very fact that open public debates do take place (and these are political acts).

Therefore, the lack of public participation and deliberation in LED results in experts' reduced ability to carry out their task (by disregarding a set of knowledge crucial to designing, implementing, or evaluating policies). Besides, it furnishes expert proposal with a strong implicit political content, which, due to its invisibility, cannot be subjected to public debates. This, in turn, worsens the operation of the political arena.

4. THE POSSIBILITIES OF DELIBERATIVE PARTICIPATION

Both the literature of political science and the practice of development programs suggest that there has been a general shift towards participatory approaches since the late 1980s and early 1990s (Chambers 2003). In development studies, the idea of including citizens in policy-making emerges from time to time, especially in low-income countries where, in many cases, one of the main objectives is exactly to foster participation amongst the recipients of the development programs (Crocker 2007).

Nevertheless, arguments in favour of public participation and deliberation necessarily give way to scepticism with regard to the practical implementation. These counter-arguments are either theoretical (in the sense that they question the possibility of arriving at consequent results through participatory processes), or pragmatic (in the sense that they basically accept the importance of participation and deliberation, but are puzzled about how to design and implement such processes).

Therefore, it is necessary to further investigate the advantages and disadvantages associated with participation. We have already touched upon this issue in the second section; however, our aim is slightly different here. We believe that practical difficulties cannot justify the avoidance of deliberative participation depicted in Section 3. This does not mean that the difficulties are not relevant. On the contrary, they should be scrutinised, and that can serve as an incentive for refining the existing techniques and creating more enabling institutions.

4.1. Advantages and disadvantages of deliberative participation

One very important theoretical question is whether social choices can actually lead to consequent results – does expansive participation make decisions *a priori* impossible? In this respect, Arrow's (1950) impossibility theorem induced a fairly pessimistic mood in economics.

First of all, we would like to make an important distinction between deliberative participation and the simple aggregation of preferences (e.g. voting). We believe that this distinction makes many objections about participation powerless. The central tenet of deliberative participation is that it can transform opinions, change minds and make values explicit (Chambers 2003). It is a process of free and rational will formation, in which participants offer each other their best arguments either in defence of their opinions, proposals or suggestions, or against those of others. Citizens engage in that process with a disposition to change their minds if persuaded by others (Besson – Martí 2006). Therefore, deliberation must be distinguished from other patterns of communication based on irrational persuasion or the employment of coercion and threats.

Deliberation essentially differs from voting. The gist of deliberation presupposes the ideal aim of convincing others, while the logic of pure voting remains indifferent to any interaction or communication among voters (Besson – Martí 2006). The social choice theories emphasise the role of voting (aggregation of preferences) as a way of building a collective set of preferences to be maximised. Besson – Martí (2006) use the expressive term "economic theories of democracy" for these approaches.

As a consequence, the problems associated with vote-oriented decision-making do not apply in case of deliberative participation, because they hold true only in the case of certain axiomatic presumptions (e.g. economic theory of democracy) and not with regard to reasoned deliberation (Sen 1999b). Local economic development does not characteristically deal with vote-oriented problems: neither the assessment of the region's welfare situation, nor everyday policy-making is such. In these cases, reconciliation and the approximation of arguments are possible.

It must also be emphasised that in many cases, expectations towards social choices are exaggerated. Partial comparison or less accurate decisions are frequently adequate. For example, in order to prevent poverty, we do not have to find the most equitable allocation of incomes (Sen 1999a, b).

However, a number of pragmatic problems may still hold true. Some of the most important criticisms are the following (Chambers 2003; Carpini et al. 2004; Besson – Martí 2006; Crocker 2007):

- It might be suggested that citizen participation in local policy issues should not be encouraged because it will be dominated by parochial attitudes ("not in my backyard" problem).
- Majority of citizens lack the skills and/or opportunities to deliberate effectively.
- Deliberation can be subject to conscious manipulation and unconscious bias.
- The asymmetries in power, social, or economic status can be reproduced in deliberative participation processes.
- The past hierarchical traditions of a society overwrite the assumption of free and equal citizens.
- Deliberative participation is too utopian or idealistic, and too far removed from actual world conditions. For instance, time constraints imply that we have to bring our deliberations close to voting.
- Uncertainty and complexity might make deliberative social decisions *a priori* impossible. Within such situations, the effects of conscious attempts to induce change are partially unforeseeable. Chance, "small historical events" reinforced by positive feedback mechanisms, and "unforeseen side effects" may have a considerable role.

The weight and seriousness of these problems associated with participation and deliberation is strongly contested in the literature. However, it must be seen that the above critiques also hold true for local development policy-making practices that do not rely on public participation and deliberation.

The "double delegation" peculiar to current policy-making can also be accused of being biased and influenced by asymmetries of power. The real opportunities to articulate preferences are not equal, and uncertainties make effects partly unpredictable. Delegation is also idealistic in the sense that the arguments of the delegates would be simple representations of citizens' preferences (Callon et al. 2011).

Certainly, these do not prevent us from carrying out participatory processes that are actually characterised by the above problems. However, empirical evidence often reveals that the alleged detrimental effects of deliberative participation either do not appear, or happen to be less intense than assumed; in many cases, they dwindle through better institutional design (Carpini et al. 2004; Crocker 2007). On the other hand, deliberative participation has the potential to provide real advantages for local economic development. First of all, people who deliberate are more enlightened about their own and other's needs and experience, and have the opportunity to express value-commitments. As a consequence, deliberation is able to encompass additional considerations and facilitate more informed policy decision. Hence, it can be considered as a mode of policy-learning.

Collective decisions made through deliberation may be superior to individual decisions and self-interest in the sense that participants may accept the outcome even if it does not fully reflect their view. In empirical studies, participants agreed that the recommendations concerning a given project (developed through a deliberative process) reflected the consensus of the group, even when these recommendations did not reflect their own personal view (Carpini et al. 2004).[7]

In line with Sen's (1993, 1999a) capability approach, deliberation has a significance from an opportunity aspect as well. For the practice of deliberative participation, the task is not necessarily to make decisions through the participation of all the stakeholders, but to create *procedures* that provide real opportunity for participation, irrespective of people's actual choice to participate or not. Certainly, in each case, only a part of the affected will exercise their rights, but the fact that they could actually join the discourse is valuable. As Hibbings – Theiss-Morse (2002: 239) state, "while people are not eager to provide input into political decisions, they want to know that they could have input into political decisions if they ever wanted to do so. In fact, they are passionate about this".

We do not believe that there exists a panacea, which surely provides all the advantages and remedies for all the above-mentioned problems. However, there exists a great deal of experience concerning the use of different techniques in varied situations. It seems that differences in the complexity of the problem or the magnitude of stakes call for different participatory techniques (Newmann – Jennings 2008). Becoming acquainted with the experience of other regions and their – perhaps critical – adaptation may also be practical. In the past few decades, much experience has been accumulated in connection with successfully implemented participatory budgeting, deliberative polling, citizens' juries, consensus conferences, and action research initiatives (Smith – Wales 2000; Isaac – Frank 2002; Luskin et al. 2002; Cabannes 2004; Pataki 2004; Gret – Sintomer 2005; Bodorkós – Pataki 2009). Finally, being aware of the possible pitfalls is also indispensable for refining participatory and deliberative processes in practice.

4.2. Lessons from the case of Novos Alagados

Let us finally provide a secondary analysis of a case study in order to clarify our arguments on the importance of the informational basis and on the necessity of deliberative participation. We shall analyse the case of Novos Alagados (Brazil),

[7] This does not infer that deliberative participation is incompatible with self-interest. In fact, the denial of self-interested motivations can lead to suboptimal situations compared to open manifestation of self-interested claims (Besson – Martí 2006).

where a World Bank initiative took place. Therefore, this case combines a great deal of the existing scientific and practical knowledge with the special Latin-American ambience that generally favours public participation. The case has been meticulously analysed by Frediani (2007) and Imparato – Ruster (2003).

There is a long-standing problem about squatter settlements in Brazil. The state of Bahia in Brazil has been targeted by World Bank loans in order to transform these settlements into liveable, competitive, well-managed, and bankable cities since the mid-1990s. In 1992, the state government together with an Italian NGO started to organise an intervention in an area called Novos Alagados. In 1996, the pilot project was launched and continued through several steps until 2013. In 2000, the project totalled US$ 60 million; in 2003, the World Bank loaned another US$ 98 million. According to the World Bank reports, the project has been a great success in improving living conditions in the area, providing better housing, infrastructure, and social services. The stilt houses were removed and replaced by new ones with modern convenience (electricity and water supply, sewage disposal). As a consequence, the population density has decreased significantly. The project resulted in the increased income of residents since the new houses were built by local cooperatives and courses were organised to train electricians and builders.

Still, the effects are controversial. Firstly, the process of individualising houses is part of the residents' cultural identity, which reflects social, economic, and political features. Local residents attach importance to the aesthetic conditions of their houses and improve them personally (for instance by adding a new story to the house). But the project did not allow them to expand their houses in order keep the unified view of the area. Secondly, many of the inhabitants could not afford the living costs of their new houses to which they were relocated. Compared to the old stilt houses, the new houses brought significantly increased costs since the dwellers had to pay for electricity, water, and monthly instalments. As a result, they began acquiring electricity and water from illegal connections and wells. Thirdly, the government and the founding agency established a new system of self-organisation in the area. They created a council consisting of new local leaders, who were selected by the inhabitants of the affected streets. This council regularly negotiated with technicians and government officials. Out of the 49 council members, only two have remained active. The new structure imposed by outsiders was unsuccessful because the new leaders were not accepted by the community. It has obvious implications for the inhabitants' freedom to participate in decision-making procedures and their ability to maintain social networks.

This case study is a very instructive example of many of the aspects concerning public participation and deliberation in local development. On the one hand, it shows how the chosen informational basis influences the evaluation of the achievements. On the other, it demonstrates how participation can be ill-inter-

preted, and how the lack of real deliberative participation (the failure to incorporate citizen knowledge about local economic circumstances, cultural peculiarities, and the operation of social networks) led to controversial results.

The evaluation of the World Bank focused on the *commodities* or *means* associated with a satisfactory standard of living. In our understanding, this is the most common evaluative space in current local economic development thinking. On this informational basis, the project was successful: the dwellers were relocated to new houses with water and electricity supply and sewage disposal, and they had an autonomous council for organising themselves. At the same time, problems about financial sustainability, participation, and social dynamics remained hidden within this evaluative space.

However a broader informational basis easily reveals these aspects. In this case, our attention is shifted from the provision of means to the real opportunities of citizens in leading their lives (e.g. being sheltered in a dignified way). Although people have water, electricity, and sewage disposal in their houses, they do not have the *real* opportunity to use them, simply because they do not have sufficient income to pay for it. Although they have an autonomous council, it is a top-down structure, and thus the leaders are not acknowledged by the community. Therefore, they do not have a real opportunity of taking part in decision-making. Although they have an organised cityscape, they are not allowed to expand their houses, therefore they do not have the opportunity to individualise their homes and express themselves. As a consequence, they do not have the real opportunity to use their houses or be sheltered in the appropriate, dignified way.

It is also important to see that the project intended to foster public participation, but failed to do so because without considering the nature of local social networks, it could not provide the real opportunity for dwellers to take part in public affairs. On top of this, participation was meant to occur only in the political sphere (the expert-lay dichotomy was not challenged). However, the failure to incorporate local (lay) knowledge into expert work led to serious deficiencies: the impediments of achieving valuable "doings and beings" with the provided means remained hidden.

5. SUMMARY AND CONCLUSIONS

Our paper analysed the role of deliberative participation in local economic development. We identified two (partially overlapping) approaches in the literature of LED that we labelled the *political* and *apolitical* approaches. We primarily intended to contribute to the discourses taking place within the apolitical approach, which is mainly characterised by economic theorising.

We challenged the common-sense way of looking at LED policy-making (i.e. experts depict the possible states of the world in an accurate and value-neutral way, and let the political arena negotiate these proposal together with values and interests). We argue that any attempts in LED to make policy proposals and any claims about adequately depicting the possible states of the world rely on strong value commitments. This makes the apolitical approach very much political.

(1) The confrontation with the issue of public participation and deliberation seems to be inevitable both in the theory and the practice of LED. However, in doing so, we must move beyond both the expert-lay and the citizen-representative division. We claim that Sen's capability approach might be able to provide a framework for LED in which this challenge can be met.
(2) Public participation must not be seen merely as an act occurring in the political arena. On the one hand, the articulation of interests and values also takes place within expert activities. In most cases, however, this remains hidden and occurs as a consequence of hegemonies – therefore, it cannot be challenged in open public debates. This, in turn, depreciates the political arena. On the other hand, a great extent of knowledge necessary for designing, implementing, and evaluating LED policies is scattered amongst the local inhabitants (laypersons).
(3) Deliberative participation must not be understood as the simple aggregation of preferences. Its main tenet is the possibility of will formation through open public debates, leading to reasoned and informed decisions. This also implies that in the practical techniques of deliberative participation, the focus is not on the proportionate representation of the voters, but on the introduction of as many relevant aspects to the decision-making process as possible (to widen the informational basis of the evaluative judgements). Deliberative participation should be seen as a way of policy-learning.
(4) Speaking in advocacy of deliberative participation is neither an argument against the importance of expert activities in LED, nor an argument in favour of unfounded political decisions. The consequence of the limitations of expert knowledge is that their role is not exclusive. Nevertheless, they are able to introduce more arguments and counter-arguments to public debates than anyone else. They also have a vital role (and liability) in shaping the interrelated terrains of the production of valid knowledge and the construction of the collective will.
(5) We accept that the practical implementation of deliberative participation can be problematic. However, we do believe that this does not justify the

avoidance of participation neither in theory, nor in practice. First, most of the deserved and well-funded critiques also apply to the current ways of policy-making. Second, they do imply that deliberative participation can be ill-interpreted, but do not imply that it is essentially unable to result in consequent, valuable results. Third, the very process of deliberative participation can be valued regardless of its outcomes. The scrutiny of the potential pitfalls of deliberative participation should be seen as an incentive to move towards refined techniques in the practice of LED.

The role of deliberative participation in LED is eventually to attempt to remedy a number of problems deriving from the "double delegation" lying behind current policy-making. It rejects the idea of scientising the political arena (which is the technocratic solution). It also rejects the idea of merely supplementing expert proposals with a certain set of local knowledge, while leaving the political arena untouched. It attempts to transgress the strict borderline between the production of valid knowledge and the construction of the "collective will", by suggesting a joint democratisation of these interrelated terrains.

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